

103D CONGRESS
1ST SESSION

H. R. 899

To amend title II of the Social Security Act and the Internal Revenue Code of 1986 to increase the minimum amount of cash remuneration payable to a domestic employee in any year which is subject to social security employment taxes, to provide for annual adjustments in such minimum amount, and to simplify the payment of such employment taxes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 16, 1993

Mr. KLUG introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend title II of the Social Security Act and the Internal Revenue Code of 1986 to increase the minimum amount of cash remuneration payable to a domestic employee in any year which is subject to social security employment taxes, to provide for annual adjustments in such minimum amount, and to simplify the payment of such employment taxes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Social Security Domes-
5 tic Employment Tax Simplification Act of 1993”.

1 **SEC. 2. INCREASE IN MINIMUM AMOUNT OF CASH REMU-**
2 **NERATION FOR DOMESTIC SERVICES SUB-**
3 **JECT TO SOCIAL SECURITY EMPLOYMENT**
4 **TAXES.**

5 (a) DETERMINATION OF WAGES UNDER THE SOCIAL
6 SECURITY ACT.—Subparagraph (B) of section 209(a)(6)
7 of the Social Security Act is amended to read as follows:

8 “(B)(i) Cash remuneration paid by an employer
9 in any calendar year to an employee for domestic
10 service in a private home of the employer, if the cash
11 remuneration paid in such year by the employer to
12 the employee for such service is less than the mini-
13 mum assessed wages determined under this subpara-
14 graph for such year.

15 “(ii) The minimum assessed wages for 1993
16 shall be the product of \$200 and the ratio of the av-
17 erage of the total wages (as defined in regulations
18 of the Secretary and computed without regard to the
19 limitations specified in section 209(a)(1)) for 1992
20 to the average of the total wages (as so defined) for
21 1950, with such product, if not a multiple of \$10,
22 being rounded to the next higher multiple of \$10
23 where such amount is a multiple of \$5 but not of
24 \$10 and to the nearest multiple of \$10 in any other
25 case.

1 “(iii) The Secretary shall, on or after November
2 1 of 1993 and of every year thereafter, determine
3 and publish in the Federal Register the minimum
4 assessed wages for the succeeding calendar year.
5 The amount of such minimum assessed wages shall
6 be the larger of—

7 “(I) the amount in effect for the calendar
8 year in which the determination under this
9 clause is made, or

10 “(II) the product of the minimum assessed
11 wages for 1993 and the ratio of the deemed av-
12 erage total wages (as defined in section
13 209(k)(1)) for the calendar year before the year
14 in which the determination under this clause is
15 made to the deemed average total wages (as so
16 defined) for 1991,

17 with such product, if not a multiple of \$10, being
18 rounded to the next higher multiple of \$10 where
19 such amount is a multiple of \$5 but not of \$10 and
20 to the nearest multiple of \$10 in any other case.

21 “(iv) As used in this subparagraph, the term
22 ‘domestic service in a private home of the employer’
23 does not include service described in section
24 210(f)(5).”.

1 (b) DETERMINATION OF WAGES UNDER THE INTER-
2 NAL REVENUE CODE OF 1986.—

3 (1) IN GENERAL.—Subparagraph (B) of section
4 3121(a)(7) of the Internal Revenue Code of 1986
5 (defining wages) is amended to read as follows:

6 “(B) cash remuneration paid by an em-
7 ployer in any calendar year to an employee for
8 domestic service in a private home of the em-
9 ployer, if the cash remuneration paid in such
10 year by the employer to the employee for such
11 service is less than the minimum assessed
12 wages determined under section 209(a)(6)(B)
13 of the Social Security Act for such year. As
14 used in this subparagraph, the term ‘domestic
15 service in a private home of the employer’ does
16 not include service described in subsection
17 (g)(5);”.

18 (2) CONFORMING AMENDMENT.—The second
19 sentence of section 3102(a) of such Code (relating to
20 deduction of tax from wages) is amended—

21 (A) by striking “calendar quarter” each
22 place it appears and inserting “calendar year”,
23 and

24 (B) by striking “\$50” and inserting “the
25 minimum assessed wages determined under sec-

1 tion 209(a)(6)(B) of the Social Security Act for
2 such year”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to remuneration paid in calendar
5 years after 1992. As soon as practicable after the date
6 of the enactment of this Act, the Secretary of Health and
7 Human Services shall publish in the Federal Register the
8 minimum assessed wages for 1993, determined under
9 section 209(a)(6)(B)(ii) of the Social Security Act (as
10 amended by this Act).

11 **SEC. 3. COORDINATION OF COLLECTION OF DOMESTIC**
12 **SERVICE EMPLOYMENT WITH COLLECTION**
13 **OF INCOME TAXES.**

14 (a) IN GENERAL.—Chapter 25 of the Internal Reve-
15 nue Code of 1986 (relating to general provisions relating
16 to employment taxes) is amended by adding at the end
17 the following new section:

18 **“SEC. 3510. COORDINATION OF COLLECTION OF DOMESTIC**
19 **SERVICE EMPLOYMENT TAXES WITH COLLEC-**
20 **TION OF INCOME TAXES.**

21 “(a) GENERAL RULE.—Except as otherwise provided
22 in this section—

23 “(1) returns with respect to domestic service
24 employment taxes shall be made on a calendar year
25 basis,

1 “(2) any such return for any calendar year
2 shall be filed on or before the due date (including ex-
3 tensions) of the income tax return for the employer’s
4 taxable year which begins in such calendar year, and

5 “(3) no requirement to make deposits (or to
6 pay installments under section 6157) shall apply
7 with respect to such taxes.

8 “(b) DOMESTIC SERVICE EMPLOYMENT TAXES SUB-
9 JECT TO ESTIMATED TAX PROVISIONS.—

10 “(1) IN GENERAL.—Solely for purposes of sec-
11 tion 6654, domestic service employment taxes im-
12 posed with respect to any calendar year shall be
13 treated as a tax imposed by chapter 2 for the tax-
14 able year of the employer which begins in such cal-
15 endar year.

16 “(2) ANNUALIZATION.—Under regulations pre-
17 scribed by the Secretary, appropriate adjustments
18 shall be made in the application of section
19 6654(d)(2) in respect of the amount treated as tax
20 under paragraph (1).

21 “(3) TRANSITIONAL RULE.—For purposes of
22 applying section 6654 to a taxable year beginning in
23 1993, the amount referred to in clause (ii) of section
24 6654(d)(1)(B) shall be increased by 90 percent of

1 the amount treated as tax under paragraph (1) for
2 such taxable year.

3 “(c) DOMESTIC SERVICE EMPLOYMENT TAXES.—

4 For purposes of this section, the term ‘domestic service
5 employment taxes’ means—

6 “(1) any taxes imposed by chapter 21 or 23 on
7 remuneration paid for domestic service in a private
8 home of the employer, and

9 “(2) any amount withheld from such remunera-
10 tion pursuant to an agreement under section
11 3402(p).

12 For purposes of this subsection, the term ‘domestic service
13 in a private home of the employer’ does not include service
14 described in section 3121(g)(5).

15 “(d) EXCEPTION WHERE EMPLOYER LIABLE FOR
16 OTHER EMPLOYMENT TAXES.—To the extent provided in
17 regulations prescribed by the Secretary, this section shall
18 not apply to any employer for any calendar year if such
19 employer is liable for any tax under this subtitle with re-
20 spect to remuneration for services other than domestic
21 service in a private home of the employer.

22 “(e) AUTHORITY TO ENTER INTO AGREEMENTS TO
23 COLLECT STATE UNEMPLOYMENT TAXES.—

24 “(1) IN GENERAL.—The Secretary is hereby
25 authorized to enter into an agreement with any

1 State to collect, as the agent of such State, such
2 State's unemployment taxes imposed on remunera-
3 tion paid for domestic service in a private home of
4 the employer. Any taxes to be collected by the Sec-
5 retary pursuant to such an agreement shall be treat-
6 ed as domestic service employment taxes for pur-
7 poses of this section.

8 “(2) TRANSFERS TO STATE ACCOUNT.—Any
9 amount collected under an agreement referred to in
10 paragraph (1) shall be transferred by the Secretary
11 to the account of the State in the Unemployment
12 Trust Fund.

13 “(3) SUBTITLE F MADE APPLICABLE.—For
14 purposes of subtitle F, any amount required to be
15 collected under an agreement under paragraph (1)
16 shall be treated as a tax imposed by chapter 23.

17 “(4) STATE.—For purposes of this subsection,
18 the term ‘State’ has the meaning given such term by
19 section 3306(j)(1).”

20 (b) CLERICAL AMENDMENT.—The table of sections
21 for chapter 25 is amended by adding at the end thereof
22 the following:

“Sec. 3510. Coordination of collection of domestic service employ-
ment taxes with collection of income taxes.”

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to remuneration paid in calendar
3 years after 1992.

4 **SEC. 4. STUDY REGARDING MINIMUM ASSESSED WAGES**
5 **FOR DOMESTIC SERVICE.**

6 (a) IN GENERAL.—The Secretary of Health and
7 Human Services and the Secretary of the Treasury shall
8 conduct a joint study of the effects of the amendments
9 made by this Act. In the course of such study, the Sec-
10 retaries shall—

11 (1) analyze the effect of the amounts of mini-
12 mum assessed wages established pursuant to such
13 amendments on the integrity of the Federal Old-Age
14 and Survivors Insurance Trust Fund, the Federal
15 Disability Insurance Trust Fund, and the Federal
16 Hospital Insurance Trust Fund,

17 (2) evaluate the annual savings to the Govern-
18 ment caused by the annualization of the employment
19 taxes provided in such amendments, and

20 (3) such other related matters as they consider
21 appropriate.

22 (b) REPORT.—Not later than January 1, 1996, the
23 Secretaries shall transmit a report to the Committee on
24 Ways and Means of the House of Representatives and the
25 Committee on Finance of the Senate setting forth the re-

- 1 sults of their study conducted pursuant to subsection (a).
- 2 Such study shall include such recommendations for legisla-
- 3 tive changes as such Secretaries may consider appropriate.

